

Message Text

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PAGE 01 NEW DE 11981 161253Z

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ACTION EB-07

INFO OCT-01 NEA-10 IO-13 ISO-00 AGR-10 CEA-01 CIAE-00

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OIC-02 AF-08 ARA-10 EA-09 EUR-12 /158 W

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R 161113Z AUG JUY

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 7731

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

MTN GENEVA 1445

UNCLAS NEW DELHI 11981

PASS IO:EB:STR: USIA

E.O. 11652: N/A

TAGS: OVIP, MTN, ETRD, IN

SUBJECT: VISIT OF AMBASSADOR FRANCIS DALE TO NEW DELHI

SUMMARY. AMBASSADOR FRANCIS DALE HAD A VERY USEFUL
USIS-SPONSORED PROGRAM IN NEW DELHI AUGUST 13-14, HAVING
DISCUSSIONS WITH TRADE DEVELOPMENT AUTHORITY (TDA),
INDIAN INSTITUTE OF FOREIGN TRADE (IIFT) MINISTRY OF
COMMERCE FOREIGN TRADE SECRETARY P.C. ALEXANDER, AND
INDIAN ECONOMIC JOURNALISTS. END SUMMARY.

1. INDIAN PARTICIPANTS IN MEETINGS AT TDA AND IIFT BOTH
AUTONOMOUS AGENCIES BUT MOSTLY FUNDED BY GOI AND CLOSELY
CONNECTED WITH MINISTRY OF COMMERCE) MADE FOLLOWING MAJOR
POINTS IN DISCUSSIONS WHICH FOLLOWED AMBASSADOR DALE'S
PRESENTATIONS ON UNCTAD IV AND INTERNATIONAL COMMODITY MATTERS:
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PAGE 02 NEW DE 11981 161253Z

A. THE DEVELOPED WORLD WAS NOT APPROACHING GLOBAL COMMODITY AND AID ISSUES IN THE RIGHT PERSPECTIVE. THE NEW INTERNATIONAL ECONOMIC ORDER WAS IN THE LONG-TERM INTEREST OF THE INDUSTRIALIZED COUNTRIES. PRODUCER ASSOCIATIONS WERE SUPPORTED.

B. THE COMMON FUND FOR COMMODITIES AND AN INTEGRATED COMMODITY PROGRAM WERE FEASIBLE.

C. THE US SPONSORED INTERNATIONAL RESOURCES BANK HAD BEEN PROPOSED AT UNCTAD IV TO SIDE TRACK THE COMMON FUND AND WAS COMPETITIVE WITH IT. THERE WAS CONSIDERABLE MISCONCEPTION ABOUT THE BANK, WHICH AMBASSADOR DALE ATTEMPTED TO CLEAR UP. DR. D.N. SAXENA, DIRECTOR GENERAL OF THE IIFT, COMMENTED AT THE END OF THE MEETING THERE THAT THE MOST VALUABLE PART OF THE DISCUSSION FOR HIM WAS THE EXPLANATION OF THE BANK CONCEPT.

D. MAIN PARTICIPANTS AT TDA AGREED THAT INDEXATION OF COMMODITY PRICES WAS NOT VERY PRACTICAL AND WOULD PROBABLY HAVE AN INFLATIONARY BIAS.

E. INTEREST WAS EXPRESSED ABOUT THE FUTURE STATUS OF UNCTAD AND GATT AND THEIR RELATIONSHIP.

2. IN AMBASSADOR DALE'S MEETING WITH DR. ALEXANDER, THE SECRETARY MADE FOLLOWING OBSERVATIONS:

A. HE WAS "SURPRISED" THAT THE U.S. WAS THE ONLY MAJOR INDUSTRIALIZED COUNTRY TO DEMAND RECIPROCAL CONCESSIONS FROM THE LDCS IN THE MTN. HE SAID THAT SUCH A DEMAND WAS AGAINST THE SPIRIT OF THE NEGOTIATIONS AND THE TOKYO DECLARATION. HE NEED THAT INDIA COULD OFFER SOMETHING GENERAL (E.G., RECENT IMPORT LIBERALIZATION MEASURES), BUT COULD NOT BE EXPECTED AS AN LDC WITH RESOURCE CONSTRAINTS, TO MATCH MTN CONCESSIONS BY INDUSTRIALIZED COUNTRIES. HE HOPED THAT THE U.S. WILL BACK DOWN FROM THIS STANCE.

B. ALEXANDER SAID THAT IT WAS TOO EARLY TO DETERMINE UNCLASSIFIED

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PAGE 03 NEW DE 11981 161253Z

THE IMPACT OF THE U.S. GSP SCHEME ON INDIAN EXPORTS AND THAT IT MIGHT TAKE 2-3 YEARS BEFORE WE KNEW. HE AND JOINT SECRETARY PREM KUMAR WERE UNHAPPY ABOUT THE COMPETITIVE NEED RESTRICTIONS OF THE U.S. GSP, HOPED THEY COULD BE LIBERALIZED, AND WERE IN THE PROCESS OF SUBMITTING THE GOI REQUESTS TO THE INTERNATIONAL TARIFF COMMISSION.

C. ALEXANDER WAS GENERALLY PLEASED AT THE RESULTS OF THE UNCTAD IV MEETING. HE THOUGHT THAT THE INDUSTRIALIZED COUNTRIES HAD COMMITTED THEMSELVES IN PRINCIPLE TO THE COMMON COMMODITY FUND CONCEPT AND THAT DETAILS NOW HAD TO BE WORKED OUT. HE THOUGHT THAT GOOD PROGRESS HAD BEEN MADE AT UNCTAD IV ON THE ISSUES OF TRANSFER OF TECHNOLOGY AND LDC MANUFACTURES.

3. AT A PRESS CONFERENCE, FIVE INDIAN ECONOMIC JOURNALISTS THROUGH THEIR QUESTIONS INDICATED AN INTEREST IN AN EVALUATION OF UNCTAD IV, THE COMMON FUND, COMMODITY QUESTIONS, THE INTERNATIONAL RESOURCES BANK, THE DYNAMICS OF GROUP B COUNTRIES, AND THE ROLE OF COMMUNIST COUNTRIES AT UNCTAD. SEVERAL OF THE JOURNALISTS INDICATED THEIR SUPPORT FOR THE COMMON FUND.SAXBE

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NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: VISITS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
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Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: D760313-1279
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760899/aaaagjsp.tel
Line Count: 133
Locator: TEXT ON MICROFILM, TEXT ON-LINE
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 09 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 APR 2004 by ReddocGW>; APPROVED <03 JAN 2005 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> wfs 970929
Subject: VISIT OF AMBASSADOR FRANCIS DALE TO NEW DELHI SUMMARY. AMBASSADOR FRANCIS DALE HAD A VERY USEFUL USIS-SPONSORED PROGRAM IN NEW DELHI AUGUST 13-14
TAGS: ETRD, OVIP, IN, MTN, (DALE, FRANCIS)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006